GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4028
ANSWERED ON:14.12.2001
PAYMENT ON FIXED DEPOSITS
BHUMA NAGI REDDY

Will the Minister of FINANCE be pleased to state:

(a) whether Reserve Bank of India has issued orders that banks need not pay fixed deposits which are not due for payment unless banks are in a position to do so; and

(b) if so, the rationale behind issuing such orders by RBI?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) : In the Monetary and Credit Policy for the year 2001-02, it was announced by the Reserve Bank of India that, effective from 19.4.2001, banks would have freedom to exercise their discretion to disallow premature withdrawal of large deposits held by entities other than individuals and Hindu Undivided Families.This provision will be applicable to all fresh deposits, but for existing deposits the present provision will continue until the time of renewal of individual deposits.

(b) : Premature withdrawal of large deposits may impact Asset Liability Management function of banks.